

A contractor must be licensed BEFORE submitting a bid!

BIDDING

Contractors must bid, contract and permit in the name as licensed or it is considered unlicensed activity and subject to disciplinary action by the Board. Pursuant TCA 62-6-119, the **contractor's license ID number, classification, and expiration date**, is required to be on the **outside of a bid envelope**. The electrical, plumbing, mechanical and HVAC licensing information of ***subcontractors**, where their bid is in excess of \$25,000, must also appear on the outside of the bid envelope. See also Rule 0680-1-.24, stating a contractor who does not comply, cannot be awarded the bid. In addition, the prime contractor must use the subcontractor listed on the bid envelope. Award of a subcontract to one not listed on the bid envelope is in violation of TCA 62-6-119 and will be subject to review and disciplinary action by the Board.

MONETARY LIMIT

A tolerance of 10% is allowed on the monetary limit (see Rule 0680-1-.14). For example, if a contractor's license limit is \$500,000; the most they could bid is \$550,000 without being in violation. In addition, the contractor's limit must cover the entire cost of the project, including the material and labor, unless otherwise furnished by the owner.

LICENSE CLASSIFICATION

A contractor may bid on a contract requiring work in a classification(s) other than the one in which the contractor is licensed if the contractor has a commercial building contractor's license (**BC or BC-B**); or if such contractor's license will permit the contractor to perform at least **60%** of the bid amount or price of the work. However, the contractor may not actually perform any work in excess of \$25,000 in any classification unless the contractor has a license to perform work in such classification. (See TCA 62-6-111(4)(d).)

BID PREFERENCE LAW

For those contracting in other states bordering Tennessee, our state requires the same of nonresident contractors as they do of resident contractors. This statute is found in T.C.A. 12-4-801 and states in part, should the bidder on a public construction project in this state be a resident of another state, contiguous to Tennessee, a like reciprocal preference is allowed. In short, if a nonresident's home state gives a preference to their residents, and adds a percentage to a nonresident's bid to increase the total bid amount, we would apply the same criteria to their bid on our state's work.

***SUBCONTRACTORS**

The only subcontractors (bidding directly to the prime contractor) required to be licensed are the **electrical, plumbing, HVAC and mechanical, for projects in excess \$25,000**. In addition, any one of the subcontractors, who hire subcontractors, the sub to the sub, must also be licensed.

Subcontractors in other areas, such as, dry wall, masonry, flooring, etc., are not required to be licensed for any amount, unless they bid directly to the owner and it is in excess of \$25,000, which makes them a prime. (Please review TCA 62-6-102(3)(A)).

JOINT VENTURES

Both contractors are required to be licensed in order to bid as a joint venture. Contractors need to list both names as each are licensed, their licensing information,

and make a note that it is a joint venture. A separate license is not required to joint venture. For more information on joint ventures, please review Rule 0680-1-.11.